



PRESS RELEASE

Euronext: LG, NYSE: LR

June 5, 2002

Lafarge in China:

✍ Inauguration of a new cement plant in Dujiangyan

✍ Acquisition of a cement plant in Chongqing

Lafarge today announces two new developments for its cement business in China.

✍ Inauguration of the new Dujiangyan cement plant

Lafarge has inaugurated its new cement plant in Dujiangyan, China. Meeting the most modern technological and environmental standards, the plant has an annual production capacity of more than 1.4 million tonnes of cement. Lafarge, which has operated in China since 1994, is now establishing its cement business near Chengdu, the capital of Sichuan Province, in the south-west of the country. The creation of this production site constitutes the first greenfield cement plant for the Group in China.

A growing local market

Located 60 kilometres from the city of Chengdu (10 million inhabitants), the new plant will supply a particularly dynamic local market, where the consumption of cement is still low at 270 kg per capita per year, with annual growth averaging 10% over the past 12 years. 50% of production will be marketed in bags, and the remainder will be sold in bulk.

An association with Chinese partners

Lafarge and the Chinese company Chengdu DJY Building Materials Co. Ltd set up a joint venture called Lafarge Dujiangyan Cement Co. Ltd in February 1999 to build this plant. The project represents an investment of about US\$ 150 million. Lafarge holds 75% of the capital of the joint venture and is responsible for managing the company. The plant was constructed over a two-year period, using local suppliers and equipment.

A high-performance cement plant complying with sustainable development criteria

The plant is the largest and most modern in operation in the region, and it applies Lafarge's latest environmental standards. It employs a dry process production line, the most efficient in both technical and environmental terms. The buildings are hermetically sealed, limiting both noise and dust emissions. One of the facility's technical feats has been the linking up of the quarry to the plant by a complex system of tunnels, bridges and a 6-kilometre conveyor belt with a height difference of 800 metres. A quarry rehabilitation plan has been put in place to protect the environment and ensure biodiversity. The project has enjoyed the support of Lafarge's technical centre and benefited from the experience of engineers at Chinefarge, the Group's cement plant near Beijing, acquired in 1994. The 350 employees will be integrated into the Lafarge Group, supported by a training programme.

✍ Acquisition of a cement plant in Chongqing

Lafarge has also announced the signature of an agreement to purchase a 70% stake in the capital of a cement plant in Chongqing, a town also situated in Sichuan Province. The basic price of acquisition is US\$ 40 million of which Lafarge will contribute a sum of US\$ 30 million. The plant today has a production capacity of 600,000 tonnes of Portland cement. In modernising the facility, Lafarge will be able to capitalise on the know-how of operating in China that it has acquired since 1994. The Group's target is to invest US\$ 20 million in 2003 and 2004 in order to modernise the plant and raise its annual production capacity to 1.2 million tonnes.

Michel Rose, Senior Executive Vice President of Lafarge, said: "Since 1994, Lafarge has invested in the development of China. Today, the country represents strong potential for the development of the Group's businesses. The inauguration of Dujiangyan and the acquisition of Chongqing illustrate Lafarge's capacity to simultaneously create a new production site and modernise an older plant in conjunction with Chinese teams and partners."

Presence of Lafarge in China

With 2,000 employees in China, the Group has operations in all of its businesses. It has one cement plant near Beijing (Chinefarge, which has an annual production capacity of 700,000 tonnes), a concrete plant in Beijing, two plasterboard plants in Shanghai and Chongqing, and six concrete roof tile plants, one of which is in Chengdu and of which the others are on the east coast of China. All these ventures represent more than US\$ 400 million of investment.

World leader in building materials, **Lafarge** employs 83,000 people in 75 countries. Lafarge holds top-ranking positions in all four of its Divisions – Cement, Aggregates & Concrete, Roofing and Gypsum – and recorded sales of 13.7 billion euros in 2001. Complete information is available on www.lafarge.com

PRESS CONTACTS:

Denis Boulet: (+33) 1 4434 9414
[**denis.boulet@lafarge.com**](mailto:denis.boulet@lafarge.com)

Véronique Doux: (+33) 1 4434 1947
[**veronique.doux@lafarge.com**](mailto:veronique.doux@lafarge.com)

INVESTOR RELATIONS:

James Palmer: (+33) 1 4434 1126
[**james.palmer@lafarge.com**](mailto:james.palmer@lafarge.com)

Danièle Daouphars: (+33) 1 4434 1151
[**daniele.daouphars@lafarge.com**](mailto:daniele.daouphars@lafarge.com)

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